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BOOK REVIEW

Amitava Krishna Dutt, Oxford India Short Introductions Pathways to Economic Development, Oxford University Press, 2014, 211 pp., Rs 295.

Partha Pratim Pal, Oxford India Short Introductions International Trade and India, Oxford University Press, 2014, 244 pp., Rs 295.

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The two books under review are from a series of concise and lucid books on various elements relevant to different aspects of India. Both books fall under the theme of “Economics and Development”.

Economic development is a complex and multidimensional issue and involves several facets of life. Amitava Krishna Dutt addresses this complex subject in *Pathways to Economic Development*. Dutt introduces the wide range of topics that make the concept of development and the paths to achieve development so intricate. He considers the many different dimensions of development. Although his main focus is on the economic dimension, he also discusses the socio-political, geographical and historical factors that are interlinked with the concept of development. He approaches the topic by examining various debates that take diametrically opposite viewpoints regarding the pathways to development and finally recommends a balanced path which carefully combines all perspectives, and which takes into account country and time-specific issues in pursuit of development in less developed countries (LDCs) such as India.

After an introduction of the topic in the first chapter, the second chapter reviews the available theories for conceptualising and measuring development, as well as the distributional aspects of development. The competing concepts and basic questions posed in the debates are analysed to indicate their points of similarity and divergence. Dutt highlights the fact that some seemingly related concepts could have considerably different implications. For example, while minimal government in the economy apparently means the removal of restrictions on imports and foreign capital inflows, the consequent greater export openness may actually require greater state intervention in the form of assistance to

exporting industries. Chapters three and four discuss the domestic and international obstacles to development to examine “why poor countries are poor”. The subsequent chapter addresses the non-economic deterrents in the routes to development, although the author notes that such delineation is only approximate as the economic and non-economic deterrents are very much interconnected. To illustrate, in the utilitarian notion of development, utility itself can rely upon a non-economic dimension, namely, the political system. Among the domestic issues, Dutt discusses the vicious cycles of poverty that thwart development. He looks at how population growth, as well as poor health and education, impede the production process and constrain development. The roles of technological change, poverty, inequality, and environmental issues are also brought forth in the discussion.

The author moves on to examine sectoral constraints which can have an adverse outcome on the economy. One such sector that is discussed is agriculture. Some standard policies to encounter certain problems associated with the development of such sectors are evaluated succinctly. While discussing international obstacles to economic development, Dutt argues how free trade between countries as proposed by the classical and neo-classical trade theories may create long-term developmental problems, as such theories are static in nature and are based on contentious assumptions such as full factor utilisation. Problems relating to international capital and labour movements to and from LDCs and some counter-measures are also explored. The discussion also highlights technology transfer and broader political and cultural issues which may negatively impact development in LDCs.

The penultimate chapter turns to a discussion of the choice of pathways by taking up some of the questions raised in the debates on economic development. The author points to the complementarities between the so called alternative pathways and hence reasons in favour of the less debated middle path for designing policies directed at the development of LDCs. However, he acknowledges that it is difficult to define the exact nature of the middle path and how to implement it. One major complication is that the relative importance of the obstacles to development varies over temporal and spatial contexts. Thus, the author argues that while making policy choices, a thoughtful interpretation and assessment of such contexts is required. His argument entails an in-depth and multidisciplinary understanding of the alternative viewpoints in any analysis of the economic development process.

Overall, the book serves the introductory purpose of the title well. It enhances knowledge about the alternative

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approaches to economic development and the possible pathways, some of which may get overshadowed by prevailing dominant views. Different facets of development are captured in a non-technical and reader-friendly manner in this short book. One observation, however, is that the book could have further explored some trade and development issues such as the roles of subnational and international migration, and of trade agreements in development. The book could also have addressed the issue of demographics and how ageing populations impact the process of economic development.

The second book, *International Trade and India*, by Partha Pratim Pal, focusses on the topic of international trade. It charts the evolution of India's engagement in international trade and commerce. When we think about international trade today, the "Made in World" syndrome and "servicification" of trade come to our mind. But as Pal highlights, international trade has had many forms during its history. We have all heard stories of caravans on the silk route in ancient times. India has been a trading nation from time immemorial. Prosperous India was famous in the whole world for its trade and for the most part, India had a favourable trade balance. Many medieval Indian ports and towns were trading hubs catering to a larger geographical area. Several rulers improved infrastructure to benefit trade. India ceased to be an important trading nation of the world due to de-industrialisation and the drain of wealth during the colonial era, coupled with the industrial revolution in the West. India seized the communication revolution to shine as a professional services trading nation positioning itself almost at par with the league of the developed countries.

In the first chapter, Pal discusses the development of theoretical rationales for trade between nations, from the ancient period until the present age of offshoring and outsourcing. The chapter takes the reader from the mercantilist to the intra-industry theories of trade. The next four chapters articulate the history of India's international trade beginning from the ancient period when India was very well known for exporting spices and cotton throughout the world. After chronicling India's involvement in trade during the medieval and colonial periods, the author analyses independent India's trade policy and performance until the Fourth Five Year Plan. Then he discusses the pre- and post-liberalisation periods until the present, chronologically. A primer on the multilateral and regional trading systems helps situate India in a global context. The discussion takes into account how and why India's policy stances changed—including ideological, political, macroeconomic, and other factors. Pal undertakes a comprehensive examination of how policies affected the direction and composition of India's trade and its share in world trade over the recorded period, characterised by some major milestone events. The author demonstrates how India shifted from an inward-looking and import-substituting country to a liberalised one. The concluding chapter focusses

on emerging issues such as food security in international trade and related policy concerns for India.

The book is simply and interestingly constructed by combining the historic and economic aspects of international trade. For example, some welcome information about the discovery of tea and the coinage of the term "Silk Route" is aptly blended into the discussion. However, the opinion of the author on various issues is mixed with the main text and could perhaps have been laid out more directly. For instance, the author believes that the early Indian planners were right in arguing that high dependence upon exports of primary goods is not a sustainable development strategy for India. Some discussion, upfront, of the author's arguments in favour of this reasoning would have been interesting, given that a completely opposite view exists on this issue.

The book could have benefitted from a discussion on some pertinent issues. For instance, any briefing on India's journey in international trade calls for a note on the intellectual property market, given India's hard fought position on this matter in the international trading system. Likewise, international trade in services, which is different in many ways from merchandise trade and which brings along with it a host of interrelated issues such as migration, is not dealt with separately. The linkage between industry and services in trade is also not discussed. The book could have also addressed the future policy directions for India in the light of emerging issues confronting the country. Some insights on the different path traversed by India on trade policy as opposed to that adopted by the Asian Tigers and China, and India's leapfrog from being primarily an export-based economy at the time of independence to currently being known for its prowess in IT and IT enabled services exports, would have been interesting. How does such a trade paradigm shape and sustain India's development process? The foreign policy dimensions linked to international trade could also have been highlighted. For example, when China is proposing an Asian Infrastructure Investment Bank and engaging strategically through trade and investment flows with Africa, what possible implications would this have for India? The book could have given a peek into some of these topics that go beyond immediate trade and trade policy. The book could also have discussed the trade liberalisation period and its outcomes at more length.

However, given the compact nature of this book, many of these omissions are most likely a consequence of space constraint. A sequel volume to this book would, perhaps, capture these elements and reflect on the wider canvas of issues linked to India's international trade.

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